

Union Calendar No. 288

110TH CONGRESS
1ST SESSION

H. R. 3873

[Report No. 110-464]

To expedite the transfer of ownership of rural multifamily housing projects with loans made or insured under section 515 of the Housing Act of 1949 so that such projects are rehabilitated and preserved for use for affordable housing.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 17, 2007

Mr. HODES (for himself and Mrs. CAPITO) introduced the following bill; which was referred to the Committee on Financial Services

DECEMBER 4, 2007

Additional sponsors: Mr. HINOJOSA and Mr. BACA

DECEMBER 4, 2007

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To expedite the transfer of ownership of rural multifamily housing projects with loans made or insured under section 515 of the Housing Act of 1949 so that such projects are rehabilitated and preserved for use for affordable housing.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Section 515 Rural
5 Housing Property Transfer Improvement Act of 2007”.

6 **SEC. 2. CONGRESSIONAL FINDINGS.**

7 The Congress finds that—

8 (1) providing rural housing for poor families in
9 the United States has been an important goal, and
10 the primary reason for enactment, of the Housing
11 Act of 1949;

12 (2) rural multifamily housing financed under
13 the section 515 of the Housing Act of 1949 has been
14 an essential resource for providing affordable hous-
15 ing for some of the Nation’s poorest families;

16 (3) the majority of the approximately 16,000
17 projects financed under section 515 that currently
18 have loans outstanding were constructed more than
19 25 years ago and need new financing in order to
20 continue to provide decent, affordable housing for
21 families eligible to reside in such housing;

22 (4) many owners of such projects are working
23 to transfer the properties, which often involves
24 leveraging Federal resources with private and com-
25 mercial resources; and

1 (5) the Secretary of Agriculture should protect
 2 the portfolio of section 515 projects by making ad-
 3 ministrative and procedural changes to process own-
 4 ership transfers in a commercially reasonable time
 5 and manner when such transfers will further the
 6 preservation of such projects for use as affordable
 7 housing for families eligible to reside in such hous-
 8 ing.

9 **SEC. 3. TRANSFERS OF SECTION 515 RURAL MULTIFAMILY**
 10 **HOUSING PROJECTS.**

11 Section 515(h) of the Housing Act of 1949 (42
 12 U.S.C. 1485) is amended—

13 (1) by inserting “(1) CONDITION.—” after
 14 “(h)”; and

15 (2) by adding at the end the following new
 16 paragraphs:

17 “(2) TRANSFERS FOR PRESERVATION AND REHA-
 18 BILITATION OF PROJECTS.—

19 “(A) IN GENERAL.—The Secretary shall make
 20 such administrative and procedural changes as may
 21 be necessary to expedite the approval of applications
 22 to transfer ownership of projects for which a loan is
 23 made or insured under this section for the preserva-
 24 tion, continued use restriction, and rehabilitation of
 25 such projects. Such changes may include changing

1 approval procedures, increasing staff and resources,
2 improving outreach to project sponsors regarding in-
3 formation that is required to be submitted for such
4 approvals, changing approval authority between na-
5 tional offices and the State and local offices, simpli-
6 fying approval requirements, establishing uniformity
7 of transfer requirements among State offices, and
8 any other actions which would expedite approvals.

9 “(B) CONSULTATION.—The Secretary of Agri-
10 culture shall consult with the Commissioner of the
11 Internal Revenue Service and the Secretary of Hous-
12 ing and Urban Development, and take such actions
13 as are appropriate in conjunction with such con-
14 sultation, to simplify the coordination of rules, regu-
15 lations, forms (including applications for transfers of
16 project ownership), and approval requirements for
17 housing projects for which assistance is provided by
18 the Secretary of Agriculture and under any low-in-
19 come housing tax credits under section 42 of the In-
20 ternal Revenue Code of 1986 or tax-exempt housing
21 bonds. The Secretary of Agriculture shall involve the
22 State Rural Development offices of Department of
23 Agriculture and the Administrator of the Rural
24 Housing Service in the consultations under this sub-
25 paragraph as the Secretary considers appropriate.

1 “(C) PRESERVATION AND REHABILITATION.—

2 The Secretary shall actively facilitate transfers of
3 the ownership of projects that will result in the pres-
4 ervation, continued use restriction, and rehabilitation
5 of such projects.

6 “(D) FINAL AUTHORITY OVER TRANSFERS.—

7 The Office of Rental Housing Preservation of the
8 Rural Housing Service, established under section
9 537 (42 U.S.C. 1490p–1), shall have final regu-
10 latory authority over all transfers of properties for
11 which a loan is made or insured under this section,
12 and such Office may, with respect to such transfers,
13 work with and seek recommendations from the State
14 Rural Development offices of the Department of Ag-
15 riculture.

16 “(E) DEADLINES FOR PROCESSING OF TRANS-
17 FER APPLICATIONS.—

18 “(i) PROCEDURE.—If a complete applica-
19 tion, as determined by the Secretary, for a
20 transfer of ownership of a project or projects is
21 not processed, and approved or denied, by the
22 State Rural Development office to which it is
23 submitted before the applicable deadline under
24 clause (ii)—

1 “(I) such State or local office shall
2 not have any further authority to approve
3 or deny the application;

4 “(II) such State or local office shall
5 transfer the application in accordance with
6 subclause (III); and

7 “(III) such application shall be proc-
8 essed, and approved or denied, in accord-
9 ance with clause (iii) and only by the Of-
10 fice of Rental Housing Preservation, which
11 may make the final determination with the
12 assistance of other Rural Development em-
13 ployees.

14 “(ii) DEADLINE FOR STATE AND LOCAL
15 OFFICES.—The applicable deadline under this
16 clause for processing, and approval or denial, of
17 a complete application for transfer of ownership
18 of a project, or projects, shall be the period that
19 begins upon receipt of the complete application
20 by the State Rural Development office to which
21 it is submitted and consists of—

22 “(I) in the case of an application for
23 transfer of ownership of a single project,
24 45 days;

1 “(II) in the case of an application for
2 transfer of ownership of multiple projects,
3 but not exceeding 10 projects, 90 days;
4 and

5 “(III) in the case of an application for
6 transfer of ownership of 11 or more
7 projects, 120 days.

8 “(iii) DEADLINE FOR OFFICE OF RENTAL
9 HOUSING PRESERVATION.—In the case of any
10 complete application for a transfer of ownership
11 of a project, or projects, that is transferred pur-
12 suant to clause (i), shall be processed, and ap-
13 proved or denied, before the expiration of the
14 period that begins upon receipt of the complete
15 application and consists of—

16 “(I) in the case of an application for
17 transfer of ownership of a single project,
18 30 days;

19 “(II) in the case of an application for
20 transfer of ownership of multiple projects,
21 but not exceeding 10 projects, 60 days;
22 and

23 “(III) in the case of an application for
24 transfer of ownership of 11 or more
25 projects, 120 days.

1 “(iv) APPEALS.—Only decisions regarding
2 complete applications shall be appealable to the
3 National Appeals Division of the Department of
4 Agriculture.”.

5 **SEC. 4. REPORT.**

6 Not later than July 1, 2008, the Secretary of Agri-
7 culture shall submit a report to the Committee on Finan-
8 cial Services of the House of Representatives and the
9 Committee on Banking, Housing, and Urban Affairs of
10 the Senate that—

11 (1) identifies the actions that the Secretary has
12 taken to coordinate with other Federal agencies, in-
13 cluding the Department of Housing and Urban De-
14 velopment and the Internal Revenue Service, and, in
15 particular, with the program for rental assistance
16 under section 8 of the United States Housing Act of
17 1937, the multifamily mortgage insurance programs
18 under title II of the National Housing Act, the pro-
19 gram under section 42 of the Internal Revenue Code
20 of 1986 for low-income housing tax credits, and the
21 program for tax-exempt bonds under section 142 of
22 such Code;

23 (2) identifies and describes any resulting im-
24 provements within Rural Housing Service of the De-
25 partment of Agriculture in expediting the transfer of

1 ownership of projects with loans made or insured
2 under section 515 of the Housing Act of 1949; and
3 (3) makes recommendations for any legislative
4 changes that are needed for the prompt processing
5 of applications for such ownership transfers and for
6 the transfer of such projects.

Union Calendar No. 288

110TH CONGRESS
1ST Session

H. R. 3873

[Report No. 110-464]

A BILL

To expedite the transfer of ownership of rural multifamily housing projects with loans made or insured under section 515 of the Housing Act of 1949 so that such projects are rehabilitated and preserved for use for affordable housing.

DECEMBER 4, 2007

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed